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DE RUEHLP #2207 2281842
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R 161842Z AUG 06 ZDK
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 0254
INFO RUEHAC/AMEMBASSY ASUNCION 6050
RUEHBO/AMEMBASSY BOGOTA 3367
RUEHBR/AMEMBASSY BRASILIA 7217
RUEHBW/AMEMBASSY BUENOS AIRES 4482
RUEHCV/AMEMBASSY CARACAS 1755
RUEHPE/AMEMBASSY LIMA 1775
RUEHME/AMEMBASSY MEXICO 1767
RUEHMN/AMEMBASSY MONTEVIDEO 3967
RUEHQD/AMEMBASSY QUITO 4386
RUEHSG/AMEMBASSY SANTIAGO 8953
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 002207

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/AND LPETRONI
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A

TAGS: ETRD EINV ECON PREL PGOV BL
SUBJECT: EXPORTERS' EXPECTATIONS OF ATPDEA EXTENSION BEGIN
TO FADE

REF: LA PAZ 2079

¶1. (SBU) Summary: Expectations of an extension of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) have begun to fade, as exporters gradually accept that the GOB stands little chance of securing a continuation of existing trade preferences. Even so, many La Paz and Santa Cruz businessmen seem reluctant to face reality, holding out hope that Garcia Linera's proposed September trip to Washington will yield positive results. Despite our warnings that an ATPDEA extension for Bolivia is unlikely (reftel), neither businessmen nor the GOB seem ready to abandon their push for an extension or consider a comprehensive trade arrangement.
End summary.

¶2. (SBU) Widespread expectations of an extension of the Andean Trade Promotion and Drug Eradication Act (ATPDEA) have begun to fade, as exporters gradually accept that the GOB stands little chance of securing a continuation of existing trade preferences. Confederation of Private Businessmen President Roberto Mustafa told Econoff August 10 that recent comments from U.S. congressmen have begun to sink in, increasingly convincing exporters of the near impossibility of obtaining an ATPDEA extension. Marcos Iberkleid, President of Ametex, Bolivia's leading apparel manufacturer and largest private employer, echoed Mustafa's statements August 11, noting that Vice President Garcia Linera's July 19-23 trip to Washington had provided little reason to hope for favorable U.S. congressional action.

¶3. (SBU) Despite signs that an ATPDEA extension is highly unlikely, many La Paz and Santa Cruz businessmen seem reluctant to face reality, holding out hope that Garcia Linera's proposed September trip to Washington will yield positive results. Iberkleid mentioned that many businessmen viewed the impending lobbying effort as the GOB's last chance to make its case for an extension, with some expressing guarded optimism that Garcia Linera would return with signs of greater U.S. congressional interest in extending existing trade preferences. Iberkleid's comments coincided with those

of Gabriel Dabdoub, President of the Santa Cruz Chamber of Industry, Trade, Services, and Tourism (CAINCO), who told Econoff August 14 that many exporters may not seriously prepare for the end of ATPDEA until they learn the final results of GOB lobbying efforts.

¶4. (SBU) Comment: Despite our warnings that an ATPDEA extension for Bolivia is unlikely (reftel), neither businessmen nor the GOB seem ready to abandon their push for an extension or consider a comprehensive trade arrangement. Mustafa said he believed the U.S. congress would find it prudent to renew ATPDEA to prevent Bolivia from slipping entirely into the Chavez/Castro orbit, while Iberkleid noted that GOB officials seemed convinced the United States would have no choice but to extend ATPDEA trade preferences, lest critics accuse it of "turning its back" on Bolivia. While these perceptions persist, GOB officials will likely cling to their hopes of an ATPDEA extension. End comment.

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